

C A L I F O R N I A

Neighborhoods

State Department of Housing and Community Development

Child Care Facilities Financing Program



"The new Program encourages the lending community to finance child care facility development.."

To meet California's growing need for adequate child care facilities, HCD announced its new financing program. The State Child Care Facilities Financing Program is financing the purchase, construction, expansion or improvements to licensed child care centers, or can fund improvements to licensed day care homes serving more than six children.

Bill Pavão, Acting Deputy Director of HCD's Division of Community Affairs, said the program will supply some of the much needed

financing for facility development through loan guaranties and direct loans. "The new Program encourages the lending community to finance child care facility development by guarantying up to 80 percent of the private-sector loan, or through direct financing of the facility from the State of California," said Pavão.

For at least the first year of the Program, funding is reserved for those projects that increase capacity, or preserve capacity that would otherwise be lost without the funding. Additionally, after the project is completed, each facility must primarily serve children from low-income families. The Program defines low-income as 75 percent of the county median income adjusted for family size.

Each project must also meet *one* of the following:

- Primarily serve any combination of infant care, after school care, non traditional hours care, or serve special needs children;
- Replace spaces lost to classroom size reductions;
- Primarily serve children from "Welfare to Work" families; or
- The borrower is a current California Department of Education contractors.

The Program offers two types of financing for child care facilities.

Direct Loans

Low interest loans, set at 5.6 percent during 1999, are available to finance the development of licensed child care facilities under the following terms:

- Up to 50 percent financing for the child care facility and related equipment and fixtures.
- A maximum loan amount of \$1 million with a maximum loan term of 20 years.
- The business has sufficient cash flow and collateral to repay the loan.
- Child care services must be provided during the entire term of the loan.

See Child Care Page 2

CAREERS IN
COMMUNITY DEVELOPMENT,
PLANNING AND AFFORDABLE
HOUSING

see Page 2

Aug/Sept 1999

What's New
on the HCD web site
www.hcd.ca.gov

August/September

- Draft Consolidated Annual Performance and Evaluation Report 1998/99
- RDA Reporting Agencies Forms
- California Self-Help Housing Program
- Redevelopment Report Forms FY 1998-1999
- Notice of Funding Availability - Urban Predevelopment Loan Program Preservation and Acquisition

**CAREERS IN COMMUNITY DEVELOPMENT, PLANNING
AND AFFORDABLE HOUSING**

The California Department of Housing and Community Development will hold examinations to establish an employment list of candidates for the positions of:

Housing and Community Development Representative II

The salary range is from \$45,600 to \$55,020 annually depending on qualifications. The outstanding benefit package includes medical/dental/vision, retirement and 457/401(k) plans. The HCDR II classification is the fully experienced professional level, performing responsible and technically difficult work under general direction. Typical duties include:

- Deliver federal community development funds to California cities and counties, for housing construction and rehabilitation, economic development, planning and technical assistance, infrastructure and public facilities, the operation of shelters for the homeless and more.
- Work with local governments and nonprofit and for-profit housing developers and operators to insure that their funding requests and operating procedures meet program requirements.
- Evaluate applications for HCD housing development loans and grants.
- Research and report on California's housing needs and market conditions.
- Work with local governments on housing and land use plans and programs.
- Work with regional and local governments on regional land use planning.
- Provide technical assistance to the public and private sectors on a broad range of housing, planning and finance laws and issues.
- Manage a portion of a \$600 million loan and grant portfolio.
- Develop policies and legislation to preserve existing affordable housing, remove barriers to new housing, reduce the cost of housing, and more.
- Originate applications for new federal housing and community development funding.

Applications will be accepted on a continuous basis and processed for examinations to be scheduled as the needs of the Department warrant. Resumes will be reviewed for relevant education, training and experience and qualified candidates will participate in a departmental written exam.

Interested persons should contact the Personnel Office at (916) 445-4807 for more information and a copy of the examination announcement. Positions exist in Sacramento.

Child Care from Page 1

Loan Guaranties

Loan guaranties are available to guaranty private sector financing for the development of licensed child care facilities:

- To encourage private sector lenders to fund a commercial loan for the development of a child care facility, including related equipment and fixtures.
- A maximum guaranty of 80 percent of the private sector loan, with a maximum guaranty term of 20 years.
- Child care services must be provided during the entire term of the private sector loan.

The program can guaranty up to approximately \$14 million in private sector loans, and has approximately \$3 million available for direct loans.

HCD has partnered with the California Trade and Commerce Agency and its statewide system of Small Business Financial Development Corporations for the implementation of this program. The Corporations will issue loan guaranties on HCD's behalf, and can also provide loan packaging services for direct loans. Program inquiries can be directed to any one of the eight Corporations listed on Page 3.

Information about the Corporations is available on the Trade and Commerce Agency's website (<http://commerce.ca.gov/business/small/financial/loanguarantee.html>), or by calling HCD directly at (916) 445-6000.

Child Care Financing
Partners:

**Small Business Financial
Development Corporations**

Bay Area Small Business
Development Corporation
San Francisco, CA
(415) 778-6110

California Capital Small
Business Development
Corporation
Sacramento, CA
(916) 442-1729

California Coastal Rural
Development Corporation
Salinas, CA
(831) 424-1099

California Southern Small
Business Development
Corporation
San Diego, CA
(619) 232-7771

Pacific Coast Regional
Small Business
Development Corporation
Los Angeles, CA
(213) 739-2999

Hancock Urban
Development Corporation
Los Angeles, CA
(213) 382-4300

SAFE-BIDCO
Santa Rosa, CA
(707) 577-8621

Valley Small Business
Development Corporation
Fresno, CA

The Immigration and Naturalization Service (INS) Clarifies “Public Charge” Policy for Immigrants

The Clinton Administration announced in May the issuance of guidance and proposed regulations to clarify the meaning of “public charge” for immigration purposes.

Federal law requires most noncitizens who want to get a green card, otherwise immigrate to the U.S., enter the U.S. temporarily, or re-enter after lengthy travel abroad, to show that they are not likely to become a “public charge.” The Immigration and Nationality Act defines “public charge” as a person “primarily dependent on the government for subsistence.”

Unfortunately, the meaning of this requirement is so unclear that many immigrants are reportedly avoiding seeking basic health care and other needed public services for themselves and their children, out of fear that they may be labeled “public charges,” and their green cards or immigrant visas denied.

Due to the lack of a clear standard to define “public charge,” these concerns have had some basis in fact. In recent years some immigrants were detained at the border after short trips abroad until they repaid the value of public benefits obtained in the past, even though the benefits were lawfully received. Other immigrants were denied green cards because they had participated in Medicaid.

The new standard clarifies that these practices are illegal. It also clarifies the circumstances under which receipt of cash welfare benefits or institutionalization can become a factor in immigration determinations. For example, permanent residents who travel

abroad for less than six months generally should not be questioned about public charge issues, and immigration officials may not ask returning immigrants to repay past benefits that were lawfully received. Other highlights of the Guidance include:

- Using food stamps, WIC, public housing, school lunch programs, food pantries, job training, emergency shelters, child care or other public benefits that do not provide cash income will not affect immigration status.
- Using Medicaid, the state Children Health Insurance Program (CHIP), or other health services will not affect immigration status, unless Medicaid is used for long-term institutional care.
- Use of cash income benefits by family members of an immigrant will not affect immigration status unless the benefits provide sole support for the family.
- Use of cash income benefits like Supplemental Security Income (SSI), TANF, or General Assistance by an individual might affect immigration status, depending on the immigrant’s situation.

Excerpted by permission from an article in Voice of the Fields, June 25, 1999, published by La Cooperativa a Campesina de California (916-264-0208), which was in turn based on information from the National Immigration Law Center (213-639-3900).

How to Contact Us

DIVISION OF COMMUNITY AFFAIRS	322-1560
California Indian Assistance Program	445-4727
California Self-Help Housing Program	445-0877
Child Care and Development Facilities Loan Guarantee Program	445-6000
Community Development Block Grant Program	445-6000
Department Developmental Services-Rental	327-2862
Emergency Housing Assistance Program	445-0845
Farmworker Housing Grant Program	324-0695
Federal Emergency Shelter Grant Program	445-0845
HOME Investment Partnerships Program	322-0356
Housing Assistance Program	324-7696
Mobilehome Park Resident Ownership Program	445-0110
Office of Migrant Services	324-0695
Rural Predevelopment Loan Program	445-0877

DIVISION OF HOUSING POLICY DEVELOPMENT	323-3176
Housing Resource Center	322-9648
Local Assistance & Review	324-8652
Statistics	445-4728

DIVISION OF LEGISLATION	323-0169
--------------------------------------	-----------------



HCD's website wants your projects! "Featured Housing Project"

HCD invites you to submit photographs of housing projects for use as the Featured Housing Project on the HCD Homepage. Selected photographs will remain on the HCD Homepage for approximately three months. Of particular interest are projects where new designs, materials or methods of construction, or cooperative involvement of the private sector and government resulted in exceptional value or affordability. Rehabilitation projects that preserved existing housing are equally welcomed. In addition to the photographs we will feature a brief description of the project and how it has improved the community.

To apply, send a color photograph to HCD Homepage Featured Project, Attention: Alana Golden, 1800 3rd Street, Room 450, Sacramento CA, 95814 or to webmaster@hcd.ca.gov, along with a written description of the project, its location, and explanation of particular merits warranting selection and use of your photograph. Be sure to include your name, address, and telephone number. For additional information, please call (916) 445-4775. We look forward to hearing from you.

City of Dinuba Receives “Development Partnership Award of Excellence” at 19th Annual CALED Conference

The City of Dinuba earned the *Development Partnership Award of Excellence* at the 19th Annual CALED conference held in April in Monterey. In May of 1998, the City of Dinuba was awarded an Economic Development Block Grant for \$1 million dollars for an elevated water storage tank to meet fire suppression requirements in the City’s industrial park. The installation of the water storage tank coinciding with Best Buy’s need to be operational in 12 months met the company’s highest priorities for site selection.

The CALED criteria for earning the *Award of Excellence* included:

- Contribution to the economic development profession & replicability
- Nature of partnership
- Leverage of private investment
- Innovation/creativity
- Significance of impact on employment, expansion of the local tax base and diversification of the area’s economy

Partners involved in bringing Best Buy to Dinuba included agencies at the local, regional, and state level. The team formulated strategies, orchestrated resources and ensured responsiveness to Best Buy. The State Employment Development Department and the Private Industry Council in Tulare County experienced in recruiting major employers quickly responded to the recruitment efforts. Tulare County Economic Development Corporation and the California Trade and Commerce Agency worked closely with the City as the site selection narrowed from 160 to 24 sites to just three. Information and data was provided during the recruitment effort from the City, local businesses, the School Superintendent and community leaders. The Project leveraged approximately \$40 million in private sector funds and \$8 million in local funding. The construction of the elevated water tower provided a unique solution to the stringent fire protection requirements and sur-

passed the fire flow requirements resulting in substantial operational cost savings. The impact that this project brings to the area include the private investment from Best Buy, the creation of 188 jobs and the diversification from agricultural based jobs, the generation of revenue from taxes, improved public infrastructure, and home sales. The project met all the award criteria and is successfully implementing the project.

The Awards Committee cited this project as a very creative solution to a big challenge for a small, rural community. This project demonstrates the strong partnership that can pull together resources in the rural areas of the state and is an exemplary use of the State’s CDBG Economic Development Program.

Congratulations to the City of Dinuba and all partners involved in bringing Best Buy to the Central Valley.

State CDBG Program

Economic Development Allocation - Over-the-Counter Component

PURPOSE: Create or retain jobs for low-income households in rural communities.

TYPE AND TERMS: Grants of up to \$500,000 for eligible cities and counties to lend to an identified business, or use for infrastructure improvements found necessary to accommodate the creation, expansion, or retention of an identified business.

ACTIVITIES: Those which create or retain jobs for low-income households. This may include loans or loan guarantees to businesses for

(Continued on Page 6)

HCD Y2K Project Update

In 1997, the Department began taking steps to guarantee that all software and hardware were Year 2000 (Y2K) compliant. This is being done in preparation of the year 2000 when computer systems around the world require updating, non-compliant chips and software must be replaced to prevent failure.

The Department has established a Y2K Project Team to insure that appropriate contingency plans are developed to prevent and minimize any related service disruptions.

All of the Department's critical applications were remediated by the June 30, 1999 deadline. Testing and retesting of our systems will continue throughout the year. HCD anticipates no service impacts to our customers as a result of year 2000.

In the unlikely event that a Y2K problem results in a negative impact we are developing a plan to keep our customers informed of any system issues and alternative means of conducting business so that there is no disruption in service.

If service disruptions occur, HCD will post service bulletins on our web site to keep our customers informed (www.hcd.ca.gov/y2k) or by calling (916)

For information on the statewide Y2K strategy, please visit the California Year 2000 website maintained by the Department of Information Technology (DOIT) (www.year2000.ca.gov).

CDBG - Economic Development Allocation Information,

(continued from Page 5)

construction, on-site improvements, equipment purchase, working capital, and site acquisition. This may also include loans for business start-ups, grants for publicly owned infrastructure, and loans or grants for small business incubators.

ELIGIBILITY: Counties with fewer than 200,000 residents in unincorporated areas and cities with fewer than 50,000 that are not participants in the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) entitlement program.

APPLICATION PROCEDURE: Funds are awarded by an annual Notice of Funding Availability (NOFA) process. Applications are continuously received and reviewed throughout the year. Awards are made on an ongoing basis, normally within 60 days of Department receipt of a completed application.

AUTHORITY: Health & Safety Code Section 50825 et seq., Statutes of 1983, Chapter 963; Statutes of 1988, Chapter 1144.

CONTACT INFORMATION: (916) 445-6000

Sacramento's Pension K Shatters all Stereotypes



HCD was very pleased to present the Sacramento Housing and Redevelopment Agency with an award for their outstanding role in addressing California's housing needs.

Sacramento's Redevelopment Agency received the *State Award for Housing Development Excellence* for the Pension K (pen syo'n) residential mixed-use project located in Sacramento's downtown redevelopment area.

Pension K shattered stereotypes of residential hotels in the areas of design, living space, and integration of uses. Its 125 rooms rest on top of ground floor work spaces. The studios have full baths and kitchenettes with microwave ovens.

Pension K also provides a community room and community kitchen, 24 hour on-site management, referral services, cable TV, and cleaning services.

A cafe with atrium dining and a community grocer and deli help make this project ideal for downtown residents.

It's companion buildings (immediately adjacent) are eight artist

lofts with banks of windows, roll-up doors and 15-foot ceilings.

For the studios, income must be less than 40 percent of the median average; less than 80 percent for ground floor studios; and less than 120 percent for the artists' lofts.

The RDA contributed \$643,000 in Downtown redevelopment area housing set-aside funds; \$100,000 in off-site improvements from 80 percent redevelopment funds; and \$525,000 from the City of Sacramento Housing Trust Funds.

The RDA purchased the four parcels of land during the 1980s. It was offered for development in 1992 to implement a Central City Housing Strategy. Prior to development of the land, the City had to remove several underground storage tanks; the former location of a service station.

The construction lender was Wells Fargo Bank. The artist lofts were financed by the River City Bank.

The project has successfully provided affordable studios for very

low-income downtown workers. The exciting design and mix of uses demonstrates that basic housing for very low-income people can be attractive and well managed.

HCD is committed to assisting local agencies develop effective and efficient programs to address their housing needs. The *State Award for Housing Development Excellence*, established in 1997, highlights the important role of California's redevelopment agencies in addressing the state's housing problems.

Award recipients are selected based upon the description of an exemplary project or program and in consideration of the leadership role of the agency, creativity or innovative nature and overall merit in addressing an identified housing problems or need. Other considerations include, number of units assisted and overall success of the project or program.

Pension K is one of 11 successful affordable housing projects that has received the Award.

• HCD Divisions •

Administration and Management..... (916) 327-2625
Judy Nevis, Deputy Director
P.O. Box 952050, Sacramento, CA 94252-2050

Codes and Standards..... (916) 445-9471
Norman Sorensen, Acting Deputy Director
P.O. Box 1407, Sacramento, CA 95812-1407

Community Affairs (916) 322-1560
Bill Pavão, Acting Deputy Director
P.O. Box 952054, Sacramento, CA 94252-2054

Housing Policy Development (916) 323-3176
Cathy Creswell, Acting Deputy Director
P.O. Box 952053, Sacramento, CA 94252-2053

Housing Resource Center (916) 322-9648
Rosalie Robison, Librarian
P.O. Box 952055, Sacramento, CA 94252-2055

Legal Affairs (916) 323-7288
Richard L. Friedman, Deputy Director/Chief Counsel
P.O. Box 952052, Sacramento, CA 94252-2052

Legislation (916) 323-0169
Paul Deiro, Director of Legislation
P.O. Box 952053, Sacramento, CA 94252-2053

Volume 14 • Number 2

GRAY DAVIS, Governor

Maria Contreras-Sweet, Secretary
Business, Transportation
& Housing Agency

Judy Nevis, Acting Director

Alana L. Golden
Information Officer
Editor
agolden@hcd.ca.gov

Writing and Editing Team:
Cindy Kakutani, Roma Cristia-Plant,
Bill Murphy.

California Neighborhoods
is the official newsletter for the
California Department of Housing
and Community Development
(HCD). Regular editions published
quarterly. Special editions published
quarterly. ISSN 1084-2217.
For more information, comments or
to be added to our mailing list, call
(916) 445-4775 or e-mail:
Neighbor@hcd.ca.gov
Articles may be reproduced with
appropriate credits.

**California Neighborhoods is also
available on HCD's web site:
www.hcd.ca.gov**

Printed on recycled paper.



STATE OF CALIFORNIA
Business, Transportation & Housing Agency
Department of Housing & Community Development
1800 Third Street
P.O. Box 952050
Sacramento, CA 94252-2050

Bulk Rate
U.S. Postage
PAID
Permit No. 1518
Sacramento, CA